



## **The Home Depot, Eco Options and the Environment**

The Home Depot® is committed to conducting business in an environmentally responsible manner through its stores and suppliers. From the company's progressive consumer education programs to its commitment to carry environmentally preferred products, The Home Depot is dedicated to making a positive environmental impact every day and making communities a better place for generations to come. The Home Depot's commitment to the environment impacts all areas of its business, such as: store construction, energy usage, product selection and customer education. The company's environmental program focuses on the development of alternative products, forestry and ecology, green-building design and sustainable development.

### **Eco Options**

The Home Depot expanded its long-term commitment to Environmental Sustainability with the launch of Eco Options in April 2007. Eco Options is a product classification whose items meet certain environmental performance criteria, allowing consumers to easily identify products that have less of an impact on the environment than traditional products and empowers them to help make a difference in their own homes. Since the launch in 2007, The Home Depot has increased the number of environmentally preferred products from 2000 to over 3,300 products. The program has added products including; No and Low VOC paints, environmentally preferred cleaners, ENERGY STAR® qualified products, products labeled by the EPA's WaterSense<sup>SM</sup>, program organic plant food and much more. Eco Options products offer one or more of the following benefits:

- Sustainable Forestry
- Energy Efficiency
- Water Conservation
- Clean Air
- Healthy Home

The Home Depot is working closely with vendors and independent experts to bring new and innovative environmentally friendly products to our customers. Products that meet the criteria will be tagged with the Eco Options logo, making it easy for you to spot these environmentally preferred product options. This year we had a refresh of the store signage making it even easier for consumers to identify the Eco Options products.

Through merchandising and marketing more than 3,300 environmentally preferred products spanning five different product categories, The Home Depot is helping change the market for a more sustainable future. Because of The Home Depot's size and its relationships with vendors, the Company is in the unique position of providing the widest variety of environmentally preferred products at the best value to more people.

**CFL Recycling**

In June 2008, The Home Depot expanded its long-term commitment to the environment and sustainability by launching a national in-store, consumer compact fluorescent light (CFL) bulb recycling program at all 1,973 The Home Depot locations. This free service is the first such offering made so widely available by a retailer in the United States and offers customers additional options for making environmentally conscious decisions from purchase to disposal.

**Green Teams**

Eco Options launched a new program in April 2008, to reinforce our commitment to the environment throughout the year. The program will include the creation of a three-member Green Team at each Home Depot store. Green Team members will help ensure that our associates and customers are continuously updated about the Eco Options program, the products that qualify for the program and all The Home Depot does to help the environment on an on-going basis. Each Green Team member will wear a button to help customers and other associates easily identify them.

**Eco Operations Store Recycling Program**

The new store recycling program is an additional way the Company can make an even bigger impact on the environment. In addition to our current cardboard recycling program, stores will begin recycling mixed papers and plastics including shrink wrap, lumber wrap, floral containers and buckets. The store recycling program has the potential to divert 95 million pounds of trash from landfills over the next year. Every month, each store can save; 13 trees, 2.5 barrels of oil, 4,100kWh of electricity, 4 cubic yards of landfill space and 7,925 gallons of water.

The revenue we generate from recycled products – and the money we save on transportation and disposal costs – will be added to the stores in labor hours.

**The Home Depot Foundation**

The Home Depot's commitment to the environment and sustainability is fortified by efforts led by The Home Depot Foundation. The Home Depot Foundation is dedicated to building homes for working families that are healthy to live in and affordable to own. To make homes healthy and affordable, the Foundation encourages developers to incorporate responsible design and use durable materials to ensure that homes are more energy and water efficient, have good indoor air quality, and provide a safe and healthy space to live. During its first five years, the Foundation granted \$70 million to nonprofit organizations and supported the development of more than 50,000 affordable, healthy homes.

In 2007, The Home Depot Foundation combined its efforts with The Home Depot's community affairs programs to create a more robust giving campaign and streamline its philanthropic efforts. The Foundation committed to invest \$400 million in grants over the next 10 years, which will result in the development of 100,000 affordable, healthy homes for working families and the planting and preservation of more than three million community trees in urban areas.

**Carbon Emissions Offset Program**

In October 2006, The Home Depot entered into an agreement with The Conservation Fund to offset all carbon emissions created by its Atlanta headquarters as well as a portion of emissions created by associates commuting to work and traveling on business.

Through this program, The Home Depot will plant 38,000 trees in protected parks in the Metro Atlanta region as part of The Conservation Fund's Go Zero program. Along with offsetting carbon emissions

through reforestation, the trees will help reduce the heat-island effect in urban areas, reduce erosion and storm-water runoff, and help clean the air.

### **ENERGY STAR® Program**

The Home Depot works to educate its customers and associates on the environmental and financial benefits of energy efficiency. Through its partnership with ENERGY STAR, a program administered by the U.S. Environmental Protection Agency (EPA) and the Department of Energy (DOE), The Home Depot continues to develop new opportunities for education and promotion of energy-efficient products. In 2007, The Home Depot launched the Eco Options program with ENERGY STAR fully integrated.

The Home Depot developed and executed a corporate strategy that significantly improved associate training and increased external advertising and promotions of ENERGY STAR qualified products. The Company supported initiatives to educate the general public on energy efficiency and continued to increase partnerships with local government agencies and utility companies. In addition, stores offered clinics and workshops educating customers on energy-efficient projects and products. Rebate programs were implemented that saved The Home Depot customers at least \$19 million on energy efficient purchases. Through the continued focus of energy efficiency through Eco Options, the annual energy savings of the ENERGY STAR products sold by The Home Depot in 2007 was equivalent to customers saving an estimated \$600 million on electric bills.

### **Wood Purchasing**

To help protect endangered forests and to ensure that there will be timber for future generations, The Home Depot issued its first Wood Purchasing Policy in 1999.

The Home Depot Wood Purchasing Policy:

- Give preference to the purchase of wood and wood products originating from certified well managed forests wherever feasible.
- Eliminate the purchase of wood and wood products from endangered regions around the world.
- Practice and promote the efficient and responsible use of wood and wood products.
- The Home Depot will promote and support the development and use of alternative environmental products.
- Expects its vendors and their suppliers of wood and wood products to maintain compliance with laws and regulations pertaining to their operations and the products they manufacture.

### **Supplier Social and Environmental Responsibility (SER) Program**

The Home Depot's Supplier Social and Environmental Responsibility (SER) program has evolved from our internal commitment to the highest standards of business conduct.

Our SER program was established to ensure that our suppliers adhere to the highest standards of social and environmental responsibility. These standards of behavior relate to workplace and employment conditions, environmental health, and safety standards as established by the existing local laws. Our SER program requires supplier compliance to the following nine main categories:

- Denial of Access to Audit
- Age Requirements
- Forced Labor
- Wages and Working Conditions
- Discrimination
- Emergency Planning

- Environment Health and Safety
- Freedom of Expression and Association
- Fraud

The Home Depot is committed to working with its suppliers to meet the standards outlined in the supplier SER program by providing continuous education to ensure all program requirements are communicated and fully understood. The process of continuous collaboration and engagement with our suppliers to achieve improvement in their operations as we deliver the highest quality products to our customers is an important goal that deserves our attention.

We monitor compliance using independent third party service providers to perform random audits where our suppliers manufacture merchandise for The Home Depot and we actively work with suppliers to implement robust SER programs within their companies. The SER program is an opportunity for us to innovate, collaborate and engage with our suppliers in a continuous improvement process as we strive for overall improvement in performance across all aspects of our supply chain.

### **Store Design and Operations**

Our dedication to home improvement extends not only to our customers, but to our own “homes” as well – our stores and their operations. By taking a do-it-yourself approach to our own operations, we reduced energy consumption per square foot in our stores by 12 percent.

In addition, a construction task force of our Environmental Council worked to integrate energy-efficient specifications into store design and construction. The result is an average 34 percent energy savings between stores built before 2003 and those built after. Some elements of the energy-saving new store design include:

- Reflective roof membranes
- Rooflines that are 4 feet lower than the previous design
- T-5 fluorescent lighting
- Entrance vestibules

To improve the energy efficiency of renovated stores, we reconfigured HVAC systems, developed horizontal lumber doors that open in stages based on the size of the load, converted front signs to LED and implemented a low-watt bulb program in all lighting displays.

### **Consumer Education Programs**

The Home Depot is a consumers' first stop when making home improvement decisions. Whether it's designing a new kitchen, installing new flooring or increasing the overall energy efficiency of their homes, consumers rely on our associates for advice and guidance. Therefore, we feel a special responsibility to provide our customers with the information they need to make wise environmental choices. We accomplish this through government partnerships like the ENERGY STAR program, consumer clinics on a variety of topics- including energy conservation and consumer recycling programs- such as rechargeable battery recycling and 1-800-CLEANUP, a hotline that provides recycling tips and establishes recycling drop-off centers in local neighborhoods.

## Awards & Recognition

- Earned 6 ENERGY STAR Awards – National Window Retailer of the Year (1999), National Campaign Award (2004), Retail Commitment Award (2005), ENERGY STAR Retail Partner of the Year (2006), ENERGY STAR Retail Partner of the Year (2007), Excellence in ENERGY STAR Promotion (2008)
- Galaxy Star Award from the Alliance to Save Energy (2007)
- Voted one of the Best Green Companies for America's Children by *Working Mother* magazine (2007)
- No. 1 Most Admired Specialty Retailer by Fortune magazine, The Home Depot's record of environmental and community responsibility served as one of the eight ranking criteria (2006, 2005 and 1993 – 2002)
- Canadian Environment Award for Mow Down Pollution won the gold medal prize in the Climate Change category presented by Canadian Geographic Magazine (2005)
- Toronto Green Award was presented to The Home Depot Canada President Annette Verschuren; she received the Award of Excellence in Market Transformation (Canada – 2005)
- No. 3 Ranking on Citizens Advisor's Top 10 Corporate Citizens in Environmental Stewardship (2004)
- Advocate of the Year from the Office of Energy Efficiency (2004 - Natural Resources Canada)
- National Product Campaign Award from the U.S. Environmental Protection Agency (2004)
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- Received an "A" rating for its environmental programs from the Council on Economic Priorities' Corporate Report Card (1998)
- Became official sponsor of the first America Recycles Day. Received Vision for America award from Keep America Beautiful for its commitment to American communities (1997)
- Received President's Council for Sustainable Development Award with Scientific Certification Systems and Collins Pine (1996)
- Environmental program selected by Renew America and the National Awards Council for Environmental Sustainability to appear in Environmental Success Index as "outstanding example of effective environmental solutions" (1995)
- Opened Recycling Depot on one-acre site next to Duluth, Ga., store became world's first retailer to integrate a drive-through recycling center with a store (1993)
- Became world's first home improvement retailer to offer a product featuring an "Environmental Report Card" (1993)
- Environmental effort begins on the 20th Anniversary of Earth Day (The Home Depot remains the only home center in North America with a full-time staff dedicated to environmental issues) (1990)

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